

TESTIMONY  
FINANCE, REVENUE AND BONDING COMMITTEE  
COMMITTEE

February 23, 2009

Good morning Chairman Staples, Chairwoman Daily and the other distinguished members of the Finance, Revenue and Bonding Committee. My name is Dwayne Kratt. I am the Sr. Director of Government Affairs for the Northeast at Diageo North America, which is headquartered in Norwalk, Connecticut. My purpose here this morning is to speak in opposition to **Senate Bill 930**, AAC The Cigarette Tax, The Tobacco Products Tax and the Alcoholic Beverages Tax.

In my brief testimony to you, I want to share with you a bit about our company, the number employees we have in Connecticut, a bit about our positive economic impact to this state, and how raising the excise tax on beer, wine and spirits will be detrimental to both my company, but to the state of Connecticut.

Attached to this testimony is important information about Diageo, our employees and our commitment and contributions to the State of Connecticut. I encourage you to review it and feel free to contact me with any questions or comments.

**Diageo (Dee-AH-Gee-O) is the world's leading premium drinks business**

### About Diageo

Diageo makes and markets some of the world's leading beverage alcohol brands across spirits, wine and beer. Known for such brands as Smirnoff, Captain Morgan, Crown Royal, Jose Cuervo, Baileys, Guinness, Sterling Vineyard and Beaulieu Vineyards wines, Diageo brings to market nearly half the world's leading beverage alcohol brands. This means many people are more apt to know us by our brands than our corporate name.

### People

Diageo North America has nearly 4,000 employees (salary and hourly combined). Globally, Diageo employs over 23,000 talented people.

### Locations

- Diageo North America headquarters are in Norwalk, Connecticut
- 20 business offices across the US
- Approximately 16 supply facilities including manufacturing sites in Plainfield, Illinois; Amherstburg, Ontario; Dorval, Quebec; Valleyfield, Quebec; Relay, Maryland; Gimli, Manitoba (distillery), Tullahoma, Tennessee (distillery) & Menlo Park, California
- 48 facilities throughout California including vineyards and winery facilities

### Route to Market:

Route to market in the US is through the three-tier system. Diageo distributes its products through a number of dedicated spirits and wines distributors, including 2,200 dedicated sales people, and over 400 beer distributors nationally.

### Diageo in Connecticut

Facilities	2
Employees	700
Retirees	312
Beer Distributors	6
Spirit Distributors	7
Major Suppliers	7
Brook & Whittle, North Branford, CT	
Colangelo, Darien, CT	
Nielsen Group, Wilton, CT	
Local Property Taxes (e)	\$184,659
Total Payroll Taxes	\$6 million

### Diageo Committed to Connecticut

Diageo is a proud member of the Fairfield County community. During the 2008 holiday season over 100 local employees volunteered their time to work at the Norwalk Emergency Shelter, Family and Children's Agency, Salvation Army and the CT Food Bank. Diageo also donated more than \$20,000 to local charities.

### Alcohol Beverage Industry in Connecticut

Spirits Retailers	1,138
Number of Bars/ Nightclubs selling spirits	3,143
Jobs Contributed by Industry*	31,826
Wages Contributed by Industry*	\$772 million
State and Local Taxes Contributed by Industry*	\$257 million

\* "2007 State Data Book" DISCUS

### **Commitment to Responsibility**

Social Responsibility is key to the company's foundation, Diageo makes sure that responsibility is always in the mix, with a marketing code that is one of the most stringent in the industry.

Diageo has a zero tolerance policy for underage drinking and supports effective solutions to limit underage access to alcohol. Diageo is a founding member and major supporter of The Century Council, an organization funded by some of the country's leading distillers committed to developing programs to combat drunk driving and underage drinking.

Diageo also has specific social responsibility programs around brands like the Crown Royal NASCAR sponsorship. In 2008, Diageo launched an innovative website, [www.DRINKiQ.com](http://www.DRINKiQ.com), designed to promote responsible drinking worldwide. DRINKiQ.com is a global resource for all interested parties to share programs and tools designed to fight alcohol misuse and help individuals make responsible choices about drinking – or not drinking.

### **Commitment to the Community**

In 2001 Diageo founded *Spirit of the Americas* to bring relief efforts to crisis in the US and abroad. Whether it is delivering more than 150,000 pounds of food, medicine and school supplies to Baghdad, restoring power to hospitals and 911 operating centers and bringing 176,000 gallons of water to Texas and Louisiana during Hurricane's Gustav and Ike in 2008 or providing funding and volunteer hours in Diageo's home state of Connecticut; *Spirit of the Americas* is there. Diageo not only funds these missions, but, just as they have since 9/11, company executives and employees also accompany the relief supplies to the crisis zone and help distribute the aid, making sure we are there every step of the way.

### **Diageo North America Leadership**

- Ivan Menezes, President Diageo North America and Chairman Diageo Asia Pacific
- Larry Schwartz, President Diageo USA
- Debra Kelly-Ennis, President Diageo Canada
- Jim Young, President Diageo Guinness-USA
- Ray Chadwick, President Diageo Chateau & Estate Wines

### **Diageo North America Contacts**

#### **Media:**

Zsoka McDonald  
[Zsoka.McDonald@Diageo.com](mailto:Zsoka.McDonald@Diageo.com)  
(ph) 203-229-2100

#### **Investors:**

Kelly Padgett  
[Kelly.Padgett@Diageo.com](mailto:Kelly.Padgett@Diageo.com)  
(ph) 202-715-1105

#### **NE State Government Affairs**

Dwayne A. Kratt  
[Dwayne.Kratt@Diageo.com](mailto:Dwayne.Kratt@Diageo.com)  
(ph) 203-229-4504



Corporate Relations: Zsoka McDonald [Zsoka.McDonald@Diageo.com](mailto:Zsoka.McDonald@Diageo.com) (ph) 203-229-2100